

Proposition



The States are asked to decide whether they are of opinion:

to approve the States Resource Plan 2004 to 2008 and in particular -

- a) to agree that the total estimated States net revenue and capital expenditure for each of the years 2004 to 2008 should not exceed total estimated States income in order to produce balanced budgets for each of those years;
- b)
 - i) to approve the cash limits for each of the non-trading Committees as set out in Table 5.1 totalling £402,634,000 in 2004;
 - ii) to agree that total States net revenue expenditure should be increased by no more than 3% per annum for the years 2005 through to 2008;
- c)
 - i) to approve the total allocation for capital expenditure of £48,000,000 each year for the years 2004 to 2008, as set out in Tables 8.1 to 8.5; in place, as appropriate, of the allocations approved by the States on 10 September 2002;
 - ii) to approve the recommended programme of capital projects for 2004 as set out in Table 8.1, and to approve in principle the proposed programme for 2005 to 2008 as set out in Tables 8.2 to 8.5, respectively;
- d) to charge all Committees of the States to co-operate with the Policy and Resources and Finance and Economics Committees in the development of an appropriate process for a fundamental spending review of the total States net revenue expenditure for the three year period 2005 to 2007; and
- e) to approve the Legislation Programme for 2004 as set out in Appendix 12.

**POLICY AND RESOURCES COMMITTEE
P118/2003**

8. Capital Programme 2004 to 2008



8.1 Capital Expenditure - Introduction

Last year's Resource Plan achieved reductions in capital allocation from £65 million per annum to £50 million per annum for 2003 to 2005. These reductions in capital were required as one measure for addressing deficits in future years resulting from revised taxation forecasts.

With the continued pressures to reduce expenditure yet further in light of the future forecast deficits and the overall requirement to return to a balanced budget position, the Finance and Economics Committee considers it to be prudent to reduce annual allocation to capital by a further £2 million to £48 million per annum. This allocation to capital is being proposed for each of the years 2004 to 2008.

Inevitably, when faced with overwhelming demands for capital funding against a reducing overall allocation, compromises have had to be made. The Finance and Economics Committee is grateful for the corporate approach and constructive co-operation taken by bidding Committees during the capital allocation process which enabled a revised programme to be produced.

8.2 Capital Programme 2004 to 2008

The Finance and Economics Committee determined that the capital programme for 2004 and 2005, as previously approved in principle and noted respectively in last year's Resource Plan, should remain in tact, save for the reduction in capital allocation for 2004 and 2005 from £50 million per annum to £48 million per annum.

This £4 million reduction was achieved through a cut in the allocation per annum to the Housing Development Fund of £1.5 million from £10 million to £8.5 million per annum for 2004 and 2005. This reduction will not have any impact on the current programme of works, as due to a reduction in interest rates, a lower than expected amount of interest subsidy has been required to support the housing trusts.

No further reductions were necessary to fund the other £1 million as there was an underspend of around £1 million proposed in the Resource Plan 2002 by the end of 2005.

Consultative Process

Committees were invited to bid for capital works for 2006 to 2008. The closing date for bids was the 13 December 2002. A total of 83 bids were received for individual projects amounting to £351 million; added to this are the sums required for earmarked funds and rolling votes making an overall total of £393 million against an available budget of £144 million.

Due to the need to address the large gap between Committees' aspirations and available funding, the Corporate Capital Unit of the States Treasury, having consulted closely with the relevant department officers of the major bidding Committees, devised an indicative capital programme as a starting position upon which to base discussion.

This indicative capital programme was presented to the group of bidding Committee Chief or nominated Officers, for their consideration at the officer Capital Resource Allocation Workshop which took place on the 29 April 2003. This workshop took the form of a round table discussion in order to obtain consensus agreement for the capital programme as opposed to entering into a scoring/ranking process. The outcome of this Workshop was presented to the major Committee Presidents as an initial proposal.

Capital Programme 2004 to 2008



A Capital Resource Allocation Workshop took place between the Presidents of the major spending Committees on the 2 June 2003. It was firstly agreed by the Group that the 2004 and 2005 capital programme as presented in the Resource Plan 2002 should remain as is, save for the minor changes required in order for the £48 million capital funding limit to be achieved. The officer proposals for 2006 to 2008 were presented to the Presidents for their consideration. The Presidents discussed and amended the officer proposals, and reached consensus agreement on the capital programme. This meeting determined the proposed revised capital programme for 2004 to 2008 which is detailed in Tables 8.1 to 8.5 with information on the individual schemes contained in Appendices 1 to 5.

Airport Funding

One issue remains outstanding from the capital workshop in respect of funding for the Airport ground works. P198/2002 entitled 'Jersey Airport: Future Funding' was supported by the States on 19 November 2002. The States, therefore, agreed that "future capital expenditure comprising the replacement or resurfacing of the runway, taxiways, concrete aprons, the fireground and associated works should be met from general revenues". The Harbours and Airport Committee was, therefore, able to legitimately bid for monies from the capital fund. The bids received in respect of the Airport totalled some £32 million, consisting of £19.2 million in 2006, £4.8 million in 2007 and £8 million in 2008.

In a joint meeting of the Presidents of the Harbours and Airport Committee and the Finance and Economics Committee, it was recognised that this level of funding could not be catered for in the capital programme as this would result in a number of other urgent schemes not obtaining funding. The President of the Harbours and Airport Committee tabled a proposal to receive £3 million per annum for these works over a ten year period as it was considered not logistically possible to undertake all the works identified in the 2006 to 2008 timeframe.

At the Presidents Capital Resource Allocation Workshop, the Group considered that it needed to understand the Airport's overall capital funding position and agreed that all alternative funding routes should be examined in the first instance. The Group considered that £3 million per annum could not be included within the £48 million per annum allocation.

With no other avenues for funding available, the Finance and Economics Committee recommends that the Airport prioritise the above ground works along with the ground works up to 2009 when there will be an opportunity to once again bid for funds out of the Capital Fund.

Capital Programme 2004 to 2008



Capital Programme 2004

The 2004 Capital Programme Proposals are set out in Table 8.1 below, with details of the individual schemes contained in Appendix 1.

Table 8.1
Revised Capital Programme 2004

Cte.	Project	(1) Est'd Cost £'000	(1) Fees £'000	Inflation £'000	Cost to Completion Without Risk £'000	Cumulative Costs Without Risk £'000
Sum allocated for Capital Expenditure						48,000
Overspend brought forward from Year 2003						262
Funds Earmarked						
	Loan Sanction Repayments				3,000	
	- Magistrates/Royal Courts				5,000	
	- Hautlieu School					
Total Earmarked Allocation						8,000
Allocation to Rolling Votes and Funds						
	Housing Development Fund				8,500	
	Corporate IT Vote				8,000	
	Land Acquisition Vote				500	
	Central Planning Vote				500	
	Provision for Risk				500	
	Equipment, Maintenance and Minor Capital				4,000	
Total Allocation to Rolling Votes and Funds						22,000
Building and Civil Engineering Works						
E&PS	Urban Renewal Fund	500	-	-	500	
E&PS	Foul Sewer Reconstructions & Extensions	3,000	-	-	3,000	
E&PS	Sea Defence Strategy	2,465	-	-	2,465	
ES&C	St. Clement's School (Phase 1)	3,313	455	390	4,158	
HAF	Prison Cell Block Reconstruction (Phase 2)	2,655	159	186	3,000	
H&SS	Belle Vue Residential Home (Phase 1)	2,867	716	236	3,819	
H&SS	A&E/Radiology Extension (Phase 1)	986	218	67	1,271	
Total Building and Civil Engineering Works						18,213
Total Proposed Expenditure						48,475
Overspend carried forward to 2005						475

Note: (1) 2004 programme Estimated Costs and Fees at a December 2002 price base

Capital Programme 2004 to 2008



Capital Programme 2005

The 2005 Capital Programme Proposals are set out in Table 8.2 below, with details of the individual schemes contained in Appendix 2.

Table 8.2
Revised Capital Programme 2005

Cte.	Project	(1) Est'd Cost £'000	(1) Fees £'000	Inflation £'000	Cost to Completion Without Risk £'000	Cumulative Costs Without Risk £'000
Sum allocated for Capital Expenditure						48,000
Overspend brought forward from Year 2004						475
Funds Earmarked for Prior Obligations						
	Loan Sanction Repayment - Hautlieu School				5,000	
Total Earmarked Allocation						5,000
Allocation to Rolling Votes and Funds						
	Housing Development Fund				8,500	
	Corporate IT Vote				4,500	
	Land Acquisition Vote				500	
	Central Planning Vote				500	
	Provision for Risk				500	
	Equipment, Maintenance and Minor Capital				4,000	
Total Allocation to Rolling Votes and Funds						18,500
Building and Civil Engineering Works						
E&PS	Foul Sewer Reconstructions & Extensions	3,000	-	-	3,000	
E&PS	Sea Defence Strategy	1,500	-	-	1,500	
ES&C	Les Chênes	1,829	353	237	2,419	
ES&C	St. Clement's School (Phase 2)	1,565	214	184	1,963	
HAF	Police Relocation (Phase 1)	7,632	1,329	1,468	10,429	
H&SS	Belle Vue Residential Home (Phase 2)	2,441	83	280	2,804	
H&SS	Adult Mental Health Rehabilitation Unit	1,470	30	134	1,634	
Total Building and Civil Engineering Works						23,749
Total Proposed Expenditure						47,724
Underspend carried forward to 2006						276

Note: (1) 2005 programme Estimated Costs and Fees at a December 2002 price base

Capital Programme 2004 to 2008



Table 8.9
Revenue Implications of the Proposed Capital Programme 2004 to 2008

Committee & Scheme	2004 £'000	2005 £'000	2006 £'000	2007 £'000	2008 £'000
Education, Sport and Culture					
St. Clement's School	75,000				
Les Chênes		0			
Mont A l'abbé (phased)			0		
Grainville (phases 3 to 5)			0		
St Peter's School					70,000
Health & Social Services					
Belle Vue Residential Home	390,500				
Crematorium Gardens Extension			0		
Rosewood House			1,127,500		
Adult Mental Health Rehab Unit		10,000			
A&E/Radiology Extension (Part 1)	0				
A&E/Radiology Extension (Part 2)			332,000		
General & Acute Extension				330,000	
Clinique Pinel Extension					1,102,500
MRI Scanner Replacement				0	
General & Acute 5th Main Theatre					485,000
Tube System Upgrade					0
Housing					
Ann Court - Redevelopment					0
Home Affairs					
Prison Redevelopment	54,600				
Police Relocation - Sinking Fund		0		0	
Aerial Ladder Replacement			0		
Employment & Social Security					
Supported Employment Training Unit					312,300
Economic Development					
Tourism Development Fund			0		0
Environment & Public Services					
Sea Defence Strategy	0	0	0	0	0
Sewers 2004	0				
Sewers 2005		0			
Sewers 2006			0		
Sewers 2007				0	
Sewers 2008					0
Sewage Treatment Works - Primary					0
Sludge Dryer Replacement			0		
Highways Infrastructure			0	0	0
Urban Renewal Fund Top Up	0		0	0	0
Total	520,100	10,000	1,459,500	330,000	1,969,800

Capital Programme 2004 to 2008



Table 8.10
Manpower Implications of the Proposed Capital Programme 2004 to 2008

Committee & Scheme	2004 (FTE)	2005 (FTE)	2006 (FTE)	2007 (FTE)	2008 (FTE)
Education, Sport and Culture					
St. Clement's School	2.75				
Les Chênes		0.00			
Mont A L'abbe (phased)			0.00		
Grainville (phases 3 to 5)			0.00		
St Peter's School					2.75
Health & Social Services					
Belle Vue Residential Home	12.50				
Crematorium Gardens Extension			0.00		
Rosewood House			34.50		
Adult Mental Health Rehab Unit		0.25			
A&E/Radiology Extension (Part 1)	0.00				
A&E/Radiology Extension (Part 2)			9.00		
General & Acute Extension				0.00	
Clinique Pinel Extension					34.50
MRI Scanner Replacement				0.00	
General & Acute 5th Main Theatre					11.50
Tube System Upgrade					0.00
Housing					
Ann Court - Redevelopment					0.00
Home Affairs					
Prison Redevelopment	0.00				
Police Relocation - Sinking Fund		0.00		0.00	
Aerial Ladder Replacement			0.00		
Employment & Social Security					
Supported Employment Training Unit					0.00
Economic Development					
Tourism Development Fund			0.00		0.00
Environment & Public Services					
Sea Defence Strategy	0.00	0.00	0.00	0.00	0.00
Sewers 2004	0.00				
Sewers 2005		0.00			
Sewers 2006			0.00		
Sewers 2007				0.00	
Sewers 2008					0.00
Sewage Treatment Works - Primary					0.00
Sludge Dryer Replacement			0.00		
Highways Infrastructure			0.00	0.00	0.00
Urban Renewal Fund Top Up	0.00		0.00	0.00	0.00
Total	15.25	0.25	43.50	0.00	48.75

Summary Information on Capital Projects



Appendix 1 (continued)

HEALTH AND SOCIAL SERVICES

BELLE VUE RESIDENTIAL NURSING HOME AND DAY CARE CENTRE (PHASE 1)	£3,819,000
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Committee's Submission:

A new 28 bed residential nursing home with a day care centre attached providing room for up to 30 people at a time. The residential home is part of the Health and Social Services Committee's strategic plan to decentralise the services provided at Overdale into modern, smaller purpose built units, situated around the Island on sites closer to the population served.

The cost of maintaining the service at Overdale is escalating because of the poor condition of the buildings. To delay this project further will necessitate the replacement of windows in the existing building. Advance planning fees of £132,600 were awarded in January 1999.

Additional Land Required	Yes	Land Available	In States Ownership
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Capital Expenditure

Project Cost	Fees	Fluctuations	Total
£2,867,000	£716,000	£236,000	£3,819,000

Note: Funding for this project is allocated over 2 years (£3.819 million in 2004 and £2.804 million in 2005 – total cost £6.623 million)

Potential Revenue and Manpower Implications

Net Revenue Effect	Permanent FTE
£390,500	12.5

HEALTH AND SOCIAL SERVICES

ACCIDENT AND EMERGENCY / RADIOLOGY (PHASE 1)	£1,271,000
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Committee's Submission:

The expansion of the existing Accident and Emergency Department is required to provide the additional area to incorporate a six bed area for overnight observation, a small decontamination unit, a separate waiting area for children and clinical staff accommodation. It is proposed in the future to expand Accident and Emergency into space presently occupied by Radiology offices and records. The Radiology areas will then relocate into space presently occupied by the General and Acute administration and medical secretaries on the ground floor of the Granite Block. The existing Radiology rooms that have recently been refurbished will remain where they are.

Additional Land Required	No	Land Available	N/A
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Capital Expenditure

Project Cost	Fees	Fluctuations	Total
£986,000	£218,000	£67,000	£1,271,000

Potential Revenue and Manpower Implications

Net Revenue Effect	Permanent FTE
£nil	0.00